

Senate File 2339 - Introduced

SENATE FILE 2339
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SF 2154)

A BILL FOR

1 An Act relating to the manufacture and sale of micro-distilled
2 spirits and establishing a related permit fee.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 123.32, subsection 1, Code Supplement
2 2009, is amended to read as follows:

3 1. *Filing of application.* An application for a class "A",
4 class "B", class "C", or class "E" liquor control license, for
5 a class "A" micro-distilled spirits permit, for a retail beer
6 permit as provided in sections 123.128 and 123.129, or for a
7 class "B", class "B" native, or class "C" native retail wine
8 permit as provided in section 123.178, 123.178A, or 123.178B,
9 accompanied by the necessary fee and bond, if required, shall
10 be filed with the appropriate city council if the premises for
11 which the license or permit is sought are located within the
12 corporate limits of a city, or with the board of supervisors
13 if the premises for which the license or permit is sought are
14 located outside the corporate limits of a city. An application
15 for a class "D" liquor control license and for a class "A"
16 beer or class "A" wine permit, accompanied by the necessary
17 fee and bond, if required, shall be filed with the division,
18 which shall proceed in the same manner as in the case of an
19 application approved by local authorities.

20 Sec. 2. NEW SECTION. 123.43A **Micro-distilled spirits —**
21 **permit.**

22 1. For the purposes of this section, unless the context
23 other requires:

24 a. "*Micro-distillery*" means a business with an operational
25 still which, combining all production facilities of the
26 business, produces and manufactures less than fifty thousand
27 proof gallons of distilled spirits on an annual basis.

28 b. "*Micro-distilled spirits*" means distilled spirits
29 fermented, distilled, or, for a period of two years, barrel
30 matured on the licensed premises of the micro-distillery when
31 fermented, distilled, or matured. "*Micro-distilled spirits*"
32 also includes blended or mixed spirits comprised solely of
33 spirits fermented, distilled, or, for a period of two years,
34 barrel matured at a micro-distillery.

35 2. Subject to rules of the division, a micro-distillery

1 holding a class "A" micro-distilled spirits permit pursuant
2 to this section may sell or offer for sale micro-distilled
3 spirits. As provided in this section, sales may be made at
4 retail for off-premises consumption when sold on the premises
5 of the micro-distillery that manufactures micro-distilled
6 spirits. All sales shall be made through the state's wholesale
7 distribution system.

8 3. A micro-distillery shall not sell more than one and
9 one-half liters per person per day, of micro-distilled spirits
10 on the premises of the micro-distillery. In addition, a
11 micro-distillery shall not directly ship micro-distilled
12 spirits for sale at retail. The micro-distillery shall
13 maintain records of individual purchases of micro-distilled
14 spirits at the micro-distillery for three years.

15 4. A micro-distillery shall not sell micro-distilled
16 spirits other than as permitted in this chapter and shall not
17 allow micro-distilled spirits sold to be consumed upon the
18 premises of the micro-distillery. However, as a part of a
19 micro-distillery tour, micro-distilled spirits of no more than
20 two ounces per person per day may be sampled on the premises
21 where fermented, distilled, or matured, when no charge is made
22 for the sampling.

23 5. A class "A" micro-distilled spirits permit for a
24 micro-distillery shall be issued and renewed annually upon
25 payment of a fee of five hundred dollars.

26 6. The sale of micro-distilled spirits to the division for
27 wholesale disposition and sale by the division shall be subject
28 to the requirements of this chapter regarding such disposition
29 and sale.

30 7. The division shall issue no more than three permits under
31 this section to a person. In addition, a micro-distillery
32 issued a permit under this section shall file with the
33 division all documents filed by the micro-distillery with the
34 alcohol and tobacco tax and trade bureau of the United States
35 department of the treasury, including all production, storage,

1 and processing reports.

2 8. Micro-distilled spirits purchased at a micro-distillery
3 shall not be consumed within three hundred feet of a
4 micro-distillery nor on any property owned, operated, or
5 controlled by a micro-distillery.

6 EXPLANATION

7 This bill relates to the manufacture and sale of
8 micro-distilled spirits by a micro-distillery, and provides for
9 the obtaining of a class "A" micro-distilled spirits permit.

10 The bill defines a micro-distillery as a distillery that
11 manufactures less than 50,000 proof gallons of micro-distilled
12 spirits annually. Micro-distilled spirits are defined as
13 distilled spirits fermented, distilled, or, for a period of two
14 years, barrel matured at the micro-distillery.

15 The bill provides that a micro-distillery may sell
16 or offer for sale micro-distilled spirits which may be
17 sold for off-premises consumption through sales on the
18 micro-distillery's premises. The bill provides that all sales
19 be made through the state's wholesale distribution system.

20 The bill provides that a micro-distillery shall not sell
21 more than 1.5 liters per person per day and shall maintain
22 records of sales to individuals for three years. The bill
23 provides that a micro-distillery shall not directly ship
24 micro-distilled spirits for sale at retail. The bill does
25 not allow micro-distilled spirits sold to be consumed within
26 300 feet of the micro-distillery but does allow, as part of a
27 tour, no more than 2 ounces of micro-distilled spirits to be
28 sampled on the premises where made, when no charge is made for
29 the sampling.

30 The bill provides for a new permit applicable to
31 micro-distilled spirits, requiring a fee of \$500 for initial
32 issuance and annual renewal. The bill limits the number
33 of permits issued to a person to three and requires a
34 micro-distillery issued a permit to file with the alcoholic
35 beverages division documents the micro-distillery files with

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1 the federal alcohol and tobacco tax and trade bureau of the
2 U.S. department of the treasury.